

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Mansfield	County Iron
Fiscal Year End 03/31/06	Opinion Date 06/26/06	Date Audit Report Submitted to State 09/21/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

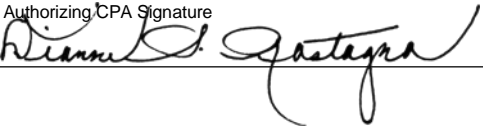
YES NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) DS Rostagno CPA P.C.		Telephone Number 906-265-1040	
Street Address 101 West Maple Street		City Iron River	State MI
		Zip 49935	
Authorizing CPA Signature 	Printed Name Dianne S. Rostagno, CPA		License Number A245771

**TOWNSHIP OF MANSFIELD**

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**Financial Report  
With Supplemental Information  
Prepared in Accordance with GASB 34**

**MARCH 31, 2006**

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## **INDEPENDENT AUDITOR'S REPORT**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Trustees  
**Township of Mansfield**  
Crystal Falls, Michigan 49920

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Township of Mansfield**, as of and for the fiscal year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, each major fund, and the aggregate remaining fund information of the **Township of Mansfield** at March 31, 2006, and the respective changes in financial position for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2006 on our consideration of the **Township of Mansfield's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 6 through 21 and the budgetary comparison information are not a required part of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Township of Mansfield's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized initial "D".

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 26, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# MANSFIELD TOWNSHIP

2804 M-69

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(906) 875-3555

The management of the **Township of Mansfield** provides this narrative overview and analysis of the financial activities of the **Township of Mansfield** for the fiscal year ended March 31, 2006. As readers, you are encouraged to read this discussion and analysis in conjunction with the Township's financial statement information included in this report.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, legislative, Township property, public safety, public works, and culture and recreation. The Township has no business-type activities.

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## ***Fund Financial Statements***

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

## ***Governmental Funds***

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the General, and Road Funds, both of which are considered major funds. The Liquor Law Enforcement Fund and the Capital Projects Fund are non-major funds. Individual data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general and other governmental funds. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general and other major governmental funds, and is included in the "Required Supplementary Information" section of this document.

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## ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

## ***Notes to the Financial Statements***

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

## ***Supplementary Information***

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the General Fund and the Township's major special revenue funds as presented in the governmental fund financial statements.

A separate financial statement for the Township's non-major governmental funds is also included in the Other Supplementary Information section of this document.

## ***Government-wide Financial Analysis***

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Township, assets exceeded liabilities by \$ 198,651 at March 31.

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## *Government-wide Financial Analysis*

By far, the largest portion of the Township's net assets (approximately 76%) is held in the form of cash and cash equivalents. In addition, a substantial percentage (approximately 20%) of the total net assets are in the form of capital assets. These capital assets are used to provide services to citizens and are not available for future spending. It should be noted that these assets are free of related debt. At March 31, 2006, the Township reported \$ 39,918 in net assets invested in net capital assets.

External restrictions of the Township's net assets represent resources subject to existing external obligations or programmatic control on future use. The remaining balance of unrestricted net assets of \$ 101,301 may be used to meet the Township's ongoing obligations to citizens and creditors.

## **Summary of Net Assets**

The following summarizes the comparative net assets at fiscal years ended March 31, 2006 and March 31, 2005:

	<b>March 31, 2006</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b><u>ASSETS</u></b>			
Current and other assets	\$ 158733	\$ 0	\$ 158733
Capital assets, net	<u>39918</u>	<u>0</u>	<u>39918</u>
<b>Total Assets</b>	<b>\$ 198651</b>	<b>\$ 0</b>	<b>\$ 198651</b>

# MANSFIELD TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

### Summary of Net Assets (Continued)

March 31, 2006			
Primary Government			
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b><u>LIABILITIES</u></b>			
Long-term liabilities	\$ 0	\$ 0	\$ 0
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	39918	0	39918
Reserved	57432	0	57432
Unreserved	<u>101301</u>	<u>0</u>	<u>101301</u>
<b>Total Net Assets</b>	<b>\$ 198651</b>	<b>\$ 0</b>	<b>\$ 198651</b>

March 31, 2005			
Primary Government			
	Governmental	Business-type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current and other assets	\$ 120165	\$ 0	\$ 120165
Capital assets, net	<u>41737</u>	<u>0</u>	<u>41737</u>
<b>Total Assets</b>	<b>\$ 161902</b>	<b>\$ 0</b>	<b>\$ 161902</b>

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## *Government-wide Financial Analysis (Continued)*

### **Summary of Net Assets (Continued)**

	<b>March 31, 2005</b>		
	<b>Primary Government</b>		
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
<b><u>LIABILITIES</u></b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
Long-term liabilities	\$ 0	\$ 0	\$ 0
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	41737	0	41737
Reserved	15229	0	15229
Unreserved	<u>104936</u>	<u>0</u>	<u>104936</u>
<b>Total Net Assets</b>	<b>\$ 161902</b>	<b>\$ 0</b>	<b>\$ 161902</b>

For governmental activities, net assets increased by \$ 36,749 during the fiscal year. There are no business-type activities.

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## Results of Operations

For the fiscal years ended March 31, 2006 and March 31, 2005, the comparative government-wide results of operations were as follows:

	<b>March 31, 2006</b>		
	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
<b><u>REVENUES</u></b>			
<b><i>Program Revenues</i></b>			
Charges for Services	\$ 6188	\$ 0	\$ 6188
Operating grants	2980		2980
<b><i>General Revenues</i></b>			
Property taxes	53548		53548
Other taxes	34199		34199
Unrestricted grants	16614		16614
Other	<u>3177</u>	<u>0</u>	<u>3177</u>
<b>Total Revenues</b>	<b>\$ 116706</b>	<b>\$ 0</b>	<b>\$ 116706</b>

# MANSFIELD TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

### **Results of Operations (Continued)**

	March 31, 2006		
	<b>Primary Government</b>		
	<b><u>Governmental</u></b>	<b><u>Business-type</u></b>	<b><u>Total</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	
<b><u>EXPENSES</u></b>			
General government	\$ 29399	\$ 0	\$ 29399
Legislative	13374		13374
Township property	7631		7631
Public safety	8778		8778
Public works	12544		12544
Culture and recreation	6412		6412
Depreciation	<u>1819</u>	<u>0</u>	<u>1819</u>
<b>Total governmental expenses</b>	<b>\$ 79957</b>	<b>\$ 0</b>	<b>\$ 79957</b>
<b><u>Business-type activities</u></b>			
Not applicable	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total business-type activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>\$ 79957</b>	<b>0</b>	<b>\$ 79957</b>
Increase (Decrease) in net assets before transfers	36749	0	36749
Transfers – Net	0	0	0
Increase (Decrease) in Net Assets	36749	0	36749
Net Assets, beginning of year	161902	0	<u>161902</u>
<b>Net Assets. end of year</b>	<b>\$ <u>198651</u></b>	<b><u>0</u></b>	<b>\$ <u>198651</u></b>



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	March 31, 2005		
	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
<b><u>REVENUES</u></b>			
<i><b>Program Revenues</b></i>			
Charges for Services	\$ 5832	\$ 0	\$ 5832
Operating grants	2536		2536
<i><b>General Revenues</b></i>			
Property taxes	54940		54940
Other taxes	34383		34383
Unrestricted grants	16663		16663
Other	<u>2972</u>	<u>0</u>	<u>2972</u>
<b>Total Revenues</b>	<b>\$ 117326</b>	<b>\$ 0</b>	<b>\$ 117326</b>
<b><u>EXPENSES</u></b>			
General government	\$ 33209	\$ 0	\$ 33209
Legislative	20634		20634
Township property	6718		6718
Public safety	8903		8903
Public works	141358		141358
Culture and recreation	5040		5040
Depreciation	<u>1819</u>	<u>0</u>	<u>1819</u>
<b>Total governmental expenses</b>	<b>\$ 217681</b>	<b>\$ 0</b>	<b>\$ 217681</b>
<b><u>Business-type activities</u></b>			
Not applicable	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total business-type activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>217681</b>	<b>0</b>	<b>\$ 217681</b>
Increase (Decrease) in net assets before transfers	(100355)	0	(100355)
Cumulative effect of change in application of accounting principle	1838	0	1838
Increase (Decrease) in Net Assets	(98517)	0	(98517)
Net Assets, beginning of year	260419	0	<u>260419</u>
<b>Net Assets. end of year</b>	<b>\$ <u>161902</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>161902</u></b>

# MANSFIELD TOWNSHIP

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## ***Governmental Activities***

Property taxes and other tax revenues comprise \$ 87,747, or approximately 75 percent of total governmental revenues. And, at fiscal year-end, the Township reported \$ 16,614 in grants and contributions not restricted for specific programs. This amount was due entirely to the State of Michigan's state sales tax distribution.

The Township expended \$ 79,957 on governmental programs and services. Some of the largest expense categories were for general government, where \$ 29,399 or 36 percent of total governmental expenditures were incurred. Legislative expenditures accounted for \$ 13,374 or approximately 16 percent of total expenditures, while expenditures for public works amounted to \$ 12,544, or 15 percent of the total.

## ***Financial Analysis of the Governmental Funds***

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## ***Governmental Funds***

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. This information is useful in assessing the Township's financing requirements.

In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combined ending fund balances of \$ 158,733, of which \$57,432 is reserved and the remaining \$ 101,301 is available for spending at the government's discretion.

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## ***Governmental Funds (Continued)***

The Township's primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

On the budgetary basis of accounting, the Township ended the fiscal year with revenues slightly higher than the original and the final projection. Total expenditures in the General Fund were considerably less than the final projection. There were no expenditures in the Road Fund. At fiscal year-end, both the General Fund and the Road Fund had fund balances higher than budget.

<b><u>Fund</u></b>	<b><u>Revenue Original Budget</u></b>	<b><u>Revenue Final Budget</u></b>	<b><u>Revenue Final Actual</u></b>	<b><u>Revenue Variance Actual vs Original Budget</u></b>	<b><u>Revenue Variance Actual vs Final Budget</u></b>
General	\$ 72300	\$ 72300	\$ 79555	\$ 7255	\$ 7255
Road Fund	32100	32100	36679	4579	4579

<b><u>Fund</u></b>	<b><u>Expenditures Original Budget</u></b>	<b><u>Expenditures Final Budget</u></b>	<b><u>Expenditures Final Actual</u></b>	<b><u>Expenditure Variance Actual vs Original Budget</u></b>	<b><u>Expenditure Variance Actual vs Final Budget</u></b>
General	\$ 106672	\$ 106672	\$ 77610	\$ 29062	\$ 29062
Road Fund	0	0	0	0	0

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## ***Governmental Funds (Continued)***

General fund financial and budgetary highlights of the fiscal year include:

- \* Property taxes, administration fees, and other taxes were slightly higher than original and final budgetary projections.
- \* State sales tax distributions were slightly more than the original and final amended budgets, coming in at \$ 16,614, compared to the budget estimated \$ 16,000.
- \* Expenditures in total for the general fund were \$ 77,610, less than the final amended budget by \$ 29,062. This was largely due to the fact that expenditures for legislative activities, general government, public works, and capital outlay expenditures were considerably less than the amounts appropriated for these purposes.

Special revenue funds financial and budgetary highlights of the fiscal year include:

- \* There were no road repair costs incurred during the year. On both the original and final amended budget, no funds had been appropriated for road repair.

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(906) 875-3555

## **Capital Assets and Debt Administration**

### ***Capital Assets***

The Township's investment in capital assets, net of accumulated depreciation, for its governmental activities as of March 31 was \$ 39,918. The investment in capital assets includes land, buildings, improvements, and machinery and equipment.

The Township has no infrastructure assets to report.

There were no major capital events during the current fiscal year.

### ***Long-term debt***

The Township has no long-term debt at March 31, 2006.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. Since the Township has no outstanding general obligation debt, this is not a concern to the Township.

# MANSFIELD TOWNSHIP

2804 M-69

Crystal Falls, MI 49920

(906) 875-3555

## **Other Economic Factors and Next Year's Budget**

### ***Economic Factors***

Despite the current economic uncertainties facing local governmental units, the Township will continue to strive to provide good social and cultural conditions that support healthy families, and maintain a safe and clean community in which to live.

The Township's fiscal year 2006-2007 general fund budget is \$ 110,722, which is very close to the actual expenditures for 2005-2006.

There are no significant plans or major priorities for the Township for the 2006-2007 fiscal year, nor are there any significant tax rate or fee changes being implemented.

## **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor  
**Mansfield Township**  
924 Way Dam Road  
Crystal Falls, Michigan 49920

## **BASIC FINANCIAL STATEMENTS**

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

## STATEMENT OF NET ASSETS

*MARCH 31, 2006*

	Primary Government		Total
	Governmental	Business-	Reporting
	Activities	type Activities	Entity
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents (Note C )	\$ 152,426	\$ -	\$ 152,426
Receivables			
Taxes	2,016		2,016
Accounts Receivable	1,372		1,372
Due from External Parties	2,919		2,919
<b>Total Current Assets</b>	158,733	-	158,733
<b>Noncurrent Assets</b>			
Capital Assets, Net (Note H )	39,918	-	39,918
<b>Total Noncurrent Assets</b>	39,918	-	39,918
<b>TOTAL ASSETS</b>	<b>\$ 198,651</b>	<b>\$ -</b>	<b>\$ 198,651</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	-	-	-
Accrued Taxes	-		-
Deferred Revenue	-		-
<b>Total Current Liabilities</b>	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	39,918	-	39,918
Reserved for Road Repair	51,290		51,290
Reserved for Liquor Law Enforcement	350		350
Reserved for Capital Projects	5,792		5,792
Unreserved and Undesignated	101,301		101,301
<b>TOTAL NET ASSETS</b>	<b>\$ 198,651</b>	<b>\$ -</b>	<b>\$ 198,651</b>

The notes to the financial statements are integral part of this report.



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF ACTIVITIES**

*YEAR ENDED MARCH 31, 2006*

Functions/Programs	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants</u>
Primary Government -				
General government	\$ 29,399	\$ 373	\$ -	\$ -
Legislative	13,374			
Township property	7,631	2,634		
Public safety	8,778		385	
Public works	12,544	3,181	2,595	
Culture and recreation	6,412			
Depreciation (Unallocated)	1,819			
 Total Governmental Activities	 \$ 79,957	 \$ 6,188	 \$ 2,980	 \$ -
 <u>Business-type Activities</u>				
None				
 Total Business-type Activities				

**General Revenues:**

Taxes:

Property taxes levied for general operations  
Property taxes levied road repair  
Other taxes and fees  
State Sales Tax Distribution  
Sale of Property  
Interest and Investment Earnings  
Other

**Total General Revenues**

**Change in Net Assets**

**Net Assets - Beginning of year**

**Net Assets - End of year**



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**BALANCE SHEET -GOVERNMENTAL FUNDS**

*MARCH 31, 2006*

	<u>General Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and Investments (Note C)				
Unrestricted	\$ 97,716	\$ 48,568	\$ 6,142	\$ 152,426
Receivables:				
Accounts	1,372			1,372
Taxes	2,016			2,016
Due from Other Funds	2,919	2,722		5,641
<b>TOTAL ASSETS</b>	<b><u>\$ 104,023</u></b>	<b><u>\$ 51,290</u></b>	<b><u>\$ 6,142</u></b>	<b><u>\$ 161,455</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Due to Other Funds	2,722	-	-	2,722
<b>TOTAL LIABILITIES</b>	<b>\$ 2,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,722</b>
<b><u>FUND BALANCE</u></b>				
Reserved for Capital Projects	-	-	5,792	5,792
Reserved for Road Repair		51,290		51,290
Reserved for Liquor Law Enforcement			350	350
Unreserved and undesignated	101,301	-	-	101,301
<b>TOTAL FUND BALANCE</b>	<b>\$ 101,301</b>	<b>\$ 51,290</b>	<b>\$ 6,142</b>	<b>\$ 158,733</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 104,023</u></b>	<b><u>\$ 51,290</u></b>	<b><u>\$ 6,142</u></b>	<b><u>\$ 161,455</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**GOVERNMENTAL FUNDS**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS**

*MARCH 31, 2006*

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 158,733</b>
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and are not  
reported in the funds.

The cost of capital assets is:	184,799
Accumulated depreciation is:	(144,881)

Long term liabilities are not due and payable  
in the current period and are not reported  
in the funds:

Bonds Payable	-
Compensated Absences	-

Other long term assets not available to pay current period expenditures therefore deferred in the funds	-
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Accrued interest is not included as a liability in governmental funds	-
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<b>Total Net Assets - Governmental Activities</b>	<b><u>\$ 198,651</u></b>
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The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES**

*YEAR ENDED MARCH 31, 2006*

	<u>General Fund</u>	<u>Road Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>				
General Property taxes	\$ 19,549	\$ 33,999	\$ -	\$ 53,548
Other local taxes	25,336			25,336
Fees/Penalties/ interest on taxes	8,863	85		8,948
Licenses, permits, and fees	373			373
Sale of garbage bags	3,181			3,181
Use of money and property	2,798		87	2,885
Charges for services	1,629			1,629
Miscellaneous	1,212			1,212
Intergovernmental	16,614	2,595	385	19,594
<b>TOTAL REVENUE</b>	<b>\$ 79,555</b>	<b>\$ 36,679</b>	<b>\$ 472</b>	<b>\$ 116,706</b>
<b>EXPENDITURES</b>				
Current Operating:				
General government	29,399	-	-	29,399
Legislative	13,374			13,374
Township property	7,631			7,631
Public safety	8,250		528	8,778
Public works	12,544			12,544
Culture and recreation	6,412			6,412
Capital Outlay				-
Intergovernmental Payments				-
<b>TOTAL EXPENDITURES</b>	<b>\$ 77,610</b>	<b>\$ -</b>	<b>\$ 528</b>	<b>\$ 78,138</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,945</b>	<b>36,679</b>	<b>(56)</b>	<b>38,568</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,945</b>	<b>36,679</b>	<b>(56)</b>	<b>38,568</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>99,356</b>	<b>14,611</b>	<b>6,198</b>	<b>120,165</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 101,301</b>	<b>\$ 51,290</b>	<b>\$ 6,142</b>	<b>\$ 158,733</b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**GOVERNMENTAL FUNDS**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*YEAR ENDED MARCH 31, 2006*

**Net Change in Fund Balances - Total Governmental Funds** **\$ 38,568**

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures; in  
the statement of activities, these costs are allocated over their  
estimated useful lives as depreciation.

Depreciation Expense	(1,819)
Capital Outlay	<u>-</u>

Total	(1,819)
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**Change in Net Assets of Governmental Activities** **\$ 36,749**

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**STATEMENT OF FIDUCIARY NET ASSETS***MARCH 31, 2006*

	<b>Agency Funds</b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	<u>\$ 26,286</u>
<b>TOTAL ASSETS</b>	<b>\$ 26,286</b>
 <b><u>LIABILITIES</u></b>	
Due to Other Funds	2,919
Due to Other Governmental Units	<u>23,367</u>
<b>TOTAL LIABILITIES</b>	<b>26,286</b>
 <b><u>NET ASSETS</u></b>	
Unrestricted	<u>-</u>
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the **Township of Mansfield**, Crystal Falls, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**THE FINANCIAL REPORTING ENTITY**

The **Township of Mansfield** operates under an elected Council (5 members) and provides services to more than 248 residents in many areas including law enforcement protection, general administration, and road repair. In accordance with the provisions of GASB 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include separation of electing governing body and legal status, and fiscal independence.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**THE FINANCIAL REPORTING ENTITY (Continued)**

On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

**BLENDED COMPONENT UNITS**

A blended component unit is a legally separate entity from the local unit, but it is so intertwined with the unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government. This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BLENDED COMPONENT UNITS (Continued)**

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

There are no blended component units reported in the audited financial statements for the **Township of Mansfield**.

**JOINT VENTURES**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINT VENTURES (Continued)**

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

There are no joint ventures to be reported.

**JOINTLY GOVERNED ORGANIZATIONS**

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

There are no jointly governed organizations to be reported.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**RELATED ORGANIZATIONS**

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

There are no related organizations to be reported.

**BASIS OF PRESENTATION**

The Township follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Management's Discussion and Analysis***

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

***Government-wide financial statements***

These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt).

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Government-wide financial statements (Continued)***

Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

***Statement of Net Assets***

The Statement of Net Assets displays the financial position of the primary government.

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Statement of Net Assets (Continued)***

The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

***Statement of Program Activities***

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

***Budgetary comparison schedule***

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public.



<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

***Budgetary comparison schedules (Continued)***

Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Township and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The basic financial statements include both government-wide (based on the Township as a whole) and fund financial statements.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The reporting model focus is on both the Township as a whole and the fund financial statements, including the major individual funds of governmental categories, as well as the fiduciary funds (by category).

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental. In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both governmental-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The Township generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Township may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Township does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

In the fund financial statements, financial transactions and accounts of the Township are organized in the basis of funds.

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The Township's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)**

The following is a brief description of the specific funds used by the Township.

**GOVERNMENTAL FUNDS**

These funds are those through which most governmental functions typically are financed.

The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities are accounted for through the Governmental Funds. These funds are as follows:

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***General Fund***

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

For reporting purposes, the General Fund is always considered to be a major fund.

***Special Revenue Funds***

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.



<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***Special Revenue Funds (Continued)***

The Township's *Liquor Law Enforcement* and *Road Repair* funds are Special Revenue Funds.

The *Road Fund* is considered a major fund for reporting purposes.

***Capital Projects Fund***

This fund is used to account for financial resources to be used for acquisition or construction of major capital facilities. This fund was established in 1980 to accumulate financial resources to be used for improvements and capital outlay of the township's roads, bridges, dams, meeting hall, and any other similar purpose as permitted by law.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENTAL FUNDS (Continued)**

***Capital Projects Fund (Continued)***

This fund was first funded with a transfer from the General Fund. As mandated by law, such transactions are limited to two mills per year/five mills in total of the state equalized valuation of the real and personal property in the Township. Further, all interest earned on investments of the fund becomes part of the fund.

If deemed necessary for the operations of the Township, the Board at its discretion may transfer monies back to the General Fund.

**FIDUCIARY FUNDS**

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FIDUCIARY FUNDS (Continued)**

The Township's *Current Tax Collection Fund* is a Fiduciary Fund. Agency funds are custodial in nature and do not involve measurement of results of operations.

**MEASUREMENT FOCUS**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net assets and statement of activities, private purpose trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus.

With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

The Statement of Net Assets, Statement of Activities, and the Fiduciary Fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Special Revenue, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available, are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**MEASUREMENT FOCUS (Continued)**

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

It is the Township's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**CASH AND CASH EQUIVALENTS**

The Township pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Township classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

**INVENTORIES**

Inventories of supplies are expended as received.



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**RECEIVABLES**

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General and Special Revenue Funds.

**INTEREST RECEIVABLE**

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

**DUE TO/FROM OTHER FUNDS**

Transactions between funds that had not been paid or received as of fiscal year end have been recorded as inter-fund accounts receivable and payable in the financial statements. These inter-fund receivables and payables do not represent Board-approved loans between funds.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**DEFERRED REVENUE**

Deferred revenue represents amounts under the modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

**FUND EQUITY**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Township for future expenditures.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**BUDGETS AND BUDGETARY ACCOUNTING**

The Township follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Township prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)**

2. A meeting of the Township Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.
3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Township Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Township Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**PROPERTY TAX**

The property taxes are levied on December 31 and payable in two installments, July 01 and December 01. Property taxes are declared delinquent the following March 01, when they become a lien. The Township bills and collects its own property taxes and also collects taxes for the school districts, county, and library.

Collections for the schools, county, and library are accounted for in the Trust and Agency Fund. Township property tax revenues are recognized when levied to the extent they are receivable. The County of Iron purchases from the Township the delinquent real property taxes outstanding as of March 01 of each year.

The 2005 taxable valuation of the Township totaled \$17,318,131, on which ad valorem taxes levied consisted of 1.1456 mills for general operating purposes. An additional 1.9924 mills was levied for roads.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**NON-MONETARY TRANSACTIONS**

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

**CAPITAL ASSETS**

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds (when applicable) and as assets in the governmental-wide statements to the extent the Township's capitalization threshold of \$ 500 is met.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**CAPITAL ASSETS (Continued)**

Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

**Buildings..... 20 - 30 years**

**Infrastructure..... 10 - 65 years**

**Furniture and Other  
Equipment..... 5 - 20 years**

**COMPENSATED ABSENCES**

The Township has no employees eligible to accrue vacation or sick pay.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**POST-EMPLOYMENT BENEFITS**

The Township offers no post-employment benefits.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B – INTER-FUND ACTIVITIES**

**INTER-FUND RECEIVABLES AND PAYABLES**

Inter-fund receivables and payables do not represent inter-fund borrowings; instead, they represent actual amounts which are pending between funds at year-end due to the timing of cash flows.



<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE B – INTER-FUND ACTIVITIES (CONTINUED)**

**INTER-FUND RECEIVABLES AND PAYABLES  
(Continued)**

Generally, these amounts clear shortly after year-end when resources become available.

The amounts of the inter-fund receivables and payables as of March 31, 2006 were as follows:

<b><u>Fund</u></b>	<b><u>Inter-fund Receivable</u></b>	<b><u>Fund</u></b>	<b><u>Inter-fund Payable</u></b>
General	\$ 2919	General	\$ 2722
Road Repair	<u>2722</u>	Trust and Agency	<u>2919</u>
<b>Total</b>	<b>\$ <u>5641</u></b>		<b>\$ <u>5641</u></b>

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE B – INTER-FUND ACTIVITIES (CONTINUED)**

**OPERATING TRANSFERS**

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the current fiscal year, the Township had no operating transfers.

**OTHER FINANCING SOURCES (USES)**

The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS**

**PRIMARY GOVERNMENT**

On March 31, 2006, the carrying value of the Township's deposits (Primary Government) was \$ 178,712 and is comprised of cash and deposits reflected in the following funds:

<b><i>Governmental Funds</i></b>	
General Fund	\$ 97716
Liquor Law Enforcement Fund	350
Road Fund	48568
Township Improvement Revolving Fund	<u>5792</u>
<b><i>Total Governmental Funds</i></b>	<b>152426</b>
<b><i>Fiduciary Funds</i></b>	
Tax Collection Fund	<u>26286</u>
<b><i>Total Fiduciary Funds</i></b>	<b>26286</b>
<b>Total Primary Government</b>	<b>\$ 178712</b>

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

**Category 1**

Deposits which are insured or collateralized with securities held by the Township or its agent in the Township's name.

**Category 2**

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**Category 3**

Deposits which are not collateralized or insured.

Based on these levels of risk, the Township's cash deposits  
(Primary Government) are classified as follows:

**SCHEDULE OF CASH AND DEPOSITS**

**PRIMARY GOVERNMENT**

	<b><u>Category 1</u></b>	<b><u>Category 2</u></b>	<b><u>Category 3</u></b>	<b><u>Totals</u></b>
Cash and Deposits	\$ 100002	\$ -0-	\$ 78710	\$ 178712

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**INVESTMENTS (Continued)**

The Township's investments are categorized below to give an indication of the level of risk assumed at year-end.

**Category 1** includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Township's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Township's name.

There are no investments for the Township, as reflected below:

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Total Investments</b>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

**STATUTORY AUTHORITY**

Act 196, PA 1997, authorizes the Township to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**STATUTORY AUTHORITY (Continued)**

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.



<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)**

**STATUTORY AUTHORITY (Continued)**

5. Bankers acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

The Township has adopted an investment policy, allowing for all types of deposits and investments listed above. The Township's deposits and investments are in compliance with its investment policy.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE D - PENSION PLAN**

The township has no pension plan.

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

**BUDGET VIOLATIONS**

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

The **Township of Mansfield's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **Township of Mansfield** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2005-2006 expenditures for all activities (cost centers) did not exceed the amended budget allocations.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE F - ACCUMULATED FUND DEFICITS**

At March 31, 2006, the Township had no fund balance/retained earnings deficit in any fund.

**NOTE G - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

**NOTE H - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2006:

**TOWNSHIP OF MANSFIELD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE H - CAPITAL ASSETS (CONTINUED)**

	Balance March 31, 2005	Increases	Decreases	Balance March 31, 2006
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
<b>Capital Assets Not Being Depreciated</b>	\$	\$	\$	\$
Land and Land Improvements	88	0	0	88
<b>Total Capital Assets Not Being Depreciated</b>	\$ 88	\$ 0	\$ 0	\$ 88
<b><u>Other Capital Assets</u></b>				
Buildings	147702	0	0	147702
Furniture and Other Equipment	37009	0	0	37009
<b>Total Other Capital Assets</b>	\$ 184711	\$ 0	\$ 0	\$ 184711
<b><u>Less Accumulated Depreciation for:</u></b>				
Buildings	(113428)	(905)	0	(114333)
Furniture and Other Equipment	(29634)	(914)	0	(30548)
<b>Total Accumulated Depreciation</b>	(143062)	(1819)	0	(144881)
Other Capital Assets, Net	41649	(1819)	0	39830
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	\$ 4 1737	\$ (1819)	\$ 0	\$ 39918

Depreciation was charged to governmental functions as unallocated.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE I - LONG-TERM DEBT**

The Township has no long-term debt for the fiscal year ended March 31, 2006.

**NOTE J - RELATED PARTY TRANSACTIONS**

*Related parties* exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

<b>TOWNSHIP OF MANSFIELD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE J - RELATED PARTY TRANSACTIONS (CONTINUED)**

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

**NOTE K - SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2006*

**NOTE K - SUBSEQUENT EVENTS (CONTINUED)**

At fiscal year ended March 31, 2006, there were no subsequent events that would have a significant affect on the Township's operations.

**NOTE L - COMMITMENTS AND CONTINGENCIES**

There are no commitments or contingencies to be reported for the **Township of Mansfield** for the fiscal year ended March 31, 2006.

## **REQUIRED SUPPLEMENTARY INFORMATION**



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

*YEAR ENDED MARCH 31, 2006*

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>Revenue</u></b>			
General property taxes	\$ 17,000	\$ 17,000	\$ 19,549
Other local taxes	25,300	25,300	25,336
Administration Fees	7,900	7,900	8,863
Licenses, permits, and fees	400	400	373
Use of money and property	1,300	1,300	2,798
Charges for services	1,200	1,200	1,629
Miscellaneous	3,200	3,200	4,393
Intergovernmental	<u>16,000</u>	<u>16,000</u>	<u>16,614</u>
<b>Total Revenue</b>	\$ 72,300	\$ 72,300	\$ 79,555
<b><u>Expenditures</u></b>			
General government	40,731	\$ 39,164	\$ 29,399
Legislative	\$ 20,386	20,386	13,374
Township property	7,894	9,144	7,631
Department of Public Works	16,700	17,017	12,544
Public Safety	8,500	8,500	8,250
Recreation and Culture	6,461	6,461	5,595
Community Promotion	1,000	1,000	817
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Total Expenditures</b>	\$ 106,672	\$ 106,672	\$ 77,610
<b>Net Change in Fund Balance</b>	(34,372)	(34,372)	1,945
<b>Fund Balance -Beginning of year</b>	<u>99,356</u>	<u>99,356</u>	<u>99,356</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 64,984</u></u>	<u><u>\$ 64,984</u></u>	<u><u>\$ 101,301</u></u>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - ROAD FUND**

*YEAR ENDED MARCH 31, 2006*

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>Revenue</u></b>			
Property taxes	\$ 32,000	\$ 32,000	\$ 33,999
Other local taxes	-	-	-
Use of money and property	100	100	85
Intergovernmental	-	-	2,595
	<hr/>	<hr/>	<hr/>
<b>Total Revenue</b>	32,100	32,100	36,679
 <b><u>Expenditures</u></b>			
Public Works	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	-	-	-
 <b>Net Change in Fund Balance</b>	32,100	32,100	36,679
 <b>Fund Balance -Beginning of year</b>	<hr/> 14,611	<hr/> 14,611	<hr/> 14,611
 <b>Fund Balance - End of year</b>	<hr/> <u>\$ 46,711</u>	<hr/> <u>\$ 46,711</u>	<hr/> <u>\$ 51,290</u>

The notes to the financial statements are an integral part of this report.

## **OTHER SUPPLEMENTARY INFORMATION**

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**OTHER SUPPLEMENTAL INFORMATION**

**BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS**

*MARCH 31, 2006*

	<u>LLE Fund</u>	<u>Capital Projects Fund</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note C )	\$ 350	\$ 5,792	\$ 6,142
Due from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 350</u></b>	<b><u>\$ 5,792</u></b>	<b><u>\$ 6,142</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCE</u></b>			
Reserved for Liquor Law Enforcement	350		350
Reserved for Capital Projects		5,792	5,792
Unreserved and Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCE</b>	<b>350</b>	<b>5,792</b>	<b>6,142</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 350</u></b>	<b><u>\$ 5,792</u></b>	<b><u>\$ 6,142</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**OTHER SUPPLEMENTAL INFORMATION**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS**

*MARCH 31, 2006*

	<u>LLE Fund</u>	<u>Capital Projects Fund</u>	<u>TOTALS</u>
<b><u>REVENUE</u></b>			
Use of money and property	\$ -	\$ 87	\$ 87
Intergovernmental	385		385
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>\$ 385</b>	<b>\$ 87</b>	<b>\$ 472</b>
 <b><u>EXPENDITURES</u></b>			
Current:			
Public safety	528	-	528
Capital outlay		-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 528</b>	<b>\$ -</b>	<b>\$ 528</b>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	 <b>(143)</b>	 <b>87</b>	 <b>(56)</b>
 <b><u>Other Financing Sources (Uses)</u></b>			
Operating transfers in	-	-	-
Operating transfers out			-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	 <b>-</b>	 <b>-</b>	 <b>-</b>
 <b>Net Change in Fund Balances</b>	 <b>(143)</b>	 <b>87</b>	 <b>(56)</b>
 <b>FUND BALANCE - BEGINNING OF YEAR</b>	 <b>493</b>	 <b>5,705</b>	 <b>6,198</b>
 <b>FUND BALANCE - END OF YEAR</b>	 <b><u>\$ 350</u></b>	 <b><u>\$ 5,792</u></b>	 <b><u>\$ 6,142</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**

*MARCH 31, 2006*

	<b>LIQUOR LAW ENFORCEMENT FUND</b>	<b>TOWNSHIP ROAD FUND</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Cash	\$ 350	\$ 48,568	\$ 48,918
Due from Other Funds	-	2,722	2,722
<b>TOTAL ASSETS</b>	<b>\$ 350</b>	<b>\$ 51,290</b>	<b>\$ 51,640</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Due to Other Funds	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b><u>FUND EQUITY</u></b>			
Fund Balance			
Reserved for Liquor Law Enforcement	350	-	350
Reserved for Road Maintenance and Improvement	-	51,290	51,290
<b>TOTAL FUND EQUITY</b>	<b>350</b>	<b>51,290</b>	<b>51,640</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 350</b>	<b>\$ 51,290</b>	<b>\$ 51,640</b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
EQUITY - SPECIAL REVENUE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>Liquor Law Enforcement Fund</u>	<u>Road Repair Fund</u>	<u>Totals</u>
<b><u>REVENUES</u></b>			
Property Taxes	\$ -	\$ 33,999	\$ 33,999
Grants	385	2,595	2,980
Interest	-	85	
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>\$ 385</b>	<b>\$ 36,679</b>	<b>\$ 36,979</b>
<b><u>EXPENDITURES</u></b>			
Salaries	490	-	490
Fringe Benefits	38		38
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>528</b>	<b>-</b>	<b>528</b>
Excess of Revenues Over (Under) Expenditures	(143)	36,679	36,536
FUND BALANCE, BEGINNING OF YEAR	<hr/> 493	<hr/> 14,611	<hr/> 15,104
<b>FUND BALANCE, END OF YEAR</b>	<b><u><u>\$ 350</u></u></b>	<b><u><u>\$ 51,290</u></u></b>	<b><u><u>\$ 51,640</u></u></b>

The notes to the financial statement are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**BALANCE SHEET - GENERAL FUND***MARCH 31, 2006***ASSETS**

Cash and Deposits:	
Unrestricted	\$ 97,716
Receivables:	
Taxes	2,016
Accounts	1,372
Due From Other Funds	<u>2,919</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 104,023</u></b>

**LIABILITIES AND FUND EQUITY****LIABILITIES**

Due To Other Funds	<u>2,722</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 2,722</b>

**FUND EQUITY**

Fund Balance	<u>101,301</u>
<b>TOTAL FUND EQUITY</b>	<b>101,301</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 104,023</u></b>

The notes to the financial statements are an integral part of this report.



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF REVENUES - ACTUAL AND BUDGET - GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b><u>TAXES</u></b>			
Current Tax Levy	\$ 19,549	\$ 17,000	\$ 2,549
Administration Fees	8807	\$ 7,600	\$ 1,207
Commercial Forest	1458	1,500	(42)
Interest and Penalties on Taxes	56	300	(244)
Swamp Tax	<u>23878</u>	<u>23,800</u>	<u>78</u>
<b>TOTAL TAXES</b>	<b>53,748</b>	<b>50,200</b>	<b>3,548</b>
<b><u>STATE-SHARED RECEIPTS</u></b>			
Sales Tax	<u>16,614</u>	<u>16,000</u>	<u>614</u>
<b>TOTAL STATE-SHARED RECEIPTS</b>	<b>16,614</b>	<b>16,000</b>	<b>614</b>
<b><u>CHARGES FOR SERVICES</u></b>			
Camping	<u>1,629</u>	<u>1,200</u>	<u>429</u>
<b>TOTAL CHARGES FOR SERVICES</b>	<b>1,629</b>	<b>1,200</b>	<b>429</b>
<b><u>INTEREST AND RENTAL</u></b>			
Interest	1,793	1,000	793
Hall Rental	<u>1,005</u>	<u>300</u>	<u>705</u>
<b>TOTAL INTEREST AND RENTAL</b>	<b>2,798</b>	<b>1,300</b>	<b>1,498</b>
<b><u>OTHER REVENUE</u></b>			
Zoning Permits/Fees	373	400	(27)
Garbage Bags	3,181	2,500	681
Miscellaneous	<u>1,212</u>	<u>700</u>	<u>512</u>
<b>TOTAL OTHER REVENUE</b>	<b>4,766</b>	<b>3,600</b>	<b>1,166</b>
<b>TOTAL REVENUES</b>	<b><u>\$ 79,555</u></b>	<b><u>\$ 72,300</u></b>	<b><u>\$ 7,255</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>LEGISLATIVE</u></b>			
<b><u>Township Board</u></b>			
Salaries	\$ 1,465	\$ -	\$ -
Fringe Benefits	111		
Office Supplies	96		
Tax Roll Prep	1,548		
Administrative	1,478		
Insurance	8,593		
Professional Services	<u>83</u>	<u>-</u>	<u>-</u>
<b>TOTAL LEGISLATIVE</b>	<b>\$ 13,374</b>	<b>\$ 20,386</b>	<b>\$ 7,012</b>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Supervisor</u></b>			
Salaries	3552	-	-
Fringe Benefits	<u>269</u>	<u>-</u>	<u>-</u>
<b>Total Supervisor</b>	<b>3,821</b>	<b>4,029</b>	<b>208</b>
<b><u>Assessor</u></b>			
Professional Fees	4800	-	-
Miscellaneous	<u>234</u>	<u>-</u>	<u>-</u>
<b>Total Assessor</b>	<b>5,034</b>	<b>5,100</b>	<b>66</b>
<b><u>Elections</u></b>			
Contracted Services	652	-	-
Printing/Publishing	349		
Mileage	<u>71</u>	<u>-</u>	<u>-</u>
<b>Total Elections</b>	<b>\$ 1,072</b>	<b>\$ 3,758</b>	<b>\$ 2,686</b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Clerk</u></b>			
Salaries	\$ 6,990	\$ -	\$ -
Fringe Benefits	529		
Office Supplies	309		
	<hr/>	<hr/>	<hr/>
<b>Total Clerk</b>	<b>7,828</b>	<b>8,901</b>	<b>1,073</b>
<b><u>Treasurer</u></b>			
Salaries	6,810	-	-
Fringe Benefits	516		
Office Supplies	1,260		
	<hr/>	<hr/>	<hr/>
<b>Total Treasurer</b>	<b>8,586</b>	<b>9,639</b>	<b>1,053</b>
<b><u>Board of Review</u></b>			
Salaries	457	-	-
Fringe Benefits	35		
Printing/Publishing	110		
Mileage	25		
	<hr/>	<hr/>	<hr/>
<b>Total Board of Review</b>	<b>627</b>	<b>810</b>	<b>183</b>
<b><u>Zoning</u></b>			
Salaries	642	-	-
Fringe Benefits	49		
Office Supplies	22		
Printing/Publishing	20		
Mileage	14		
Telephone	33		
	<hr/>	<hr/>	<hr/>
<b>Total Zoning</b>	<b>\$ 780</b>	<b>\$ 4,677</b>	<b>\$ 3,897</b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>Cemetery</u></b>			
Contracted Services	\$ 1,651	\$ -	\$ -
<b>Total Cemetery</b>	1,651	2,250	599
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 29,399</b>	<b>\$ 39,164</b>	<b>\$ 9,765</b>
 <b><u>TOWNSHIP PROPERTY</u></b>			
<b><u>Township Hall</u></b>			
Salaries	2,446	\$ -	\$ -
Fringe Benefits	185		
Supplies	659		
Utilities	3,124		
Contracted Services	418		
Miscellaneous	799		
<b>Total Township Hall</b>	7,631	9,144	1,513
<b>TOTAL TOWNSHIP PROPERTY</b>	<b>\$ 7,631</b>	<b>\$ 9,144</b>	<b>\$ 1,513</b>
 <b><u>DEPARTMENT OF PUBLIC WORKS</u></b>			
Professional Fees	9,525	-	-
Disposal Fees	1,730		
Supplies	615		
Street Lighting	674		
<b>TOTAL DEPARTMENT OF PUBLIC WORKS</b>	<b>12,544</b>	<b>\$ 17,017</b>	<b>\$ 4,473</b>
 <b><u>PUBLIC SAFETY</u></b>			
Fire Protection	8,250	-	-
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 8,250</b>	<b>\$ 8,500</b>	<b>\$ 250</b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET - GENERAL FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>RECREATION AND CULTURAL</u></b>			
<u>Parks</u>			
Salaries	\$ 2,576	\$ -	\$ -
Fringe Benefits	195		
Supplies	793		
Contracted Services	215		
Mileage	44		
Repairs and Maintenance	1,565		
Miscellaneous	<u>207</u>	<u>          </u>	<u>          </u>
<b>TOTAL RECREATION AND CULTURAL</b>	<b>\$ 5,595</b>	<b>\$ 6,461</b>	<b>\$ 866</b>
 <b>COMMUNITY PROMOTION</b>	 <b>817</b>	 <b>1,000</b>	 <b>183</b>
 <b>CAPITAL OUTLAY</b>	 <b>-</b>	 <b>5,000</b>	 <b>5,000</b>
 <b>TOTAL EXPENDITURES</b>	 <b><u>\$ 77,610</u></b>	 <b><u>\$ 106,672</u></b>	 <b><u>\$ 29,062</u></b>

The notes to the financial statements are an integral part of this return.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**BALANCE SHEET - LIQUOR LAW ENFORCEMENT FUND**

*MARCH 31, 2006*

**ASSETS**

Cash	<u>\$ 350</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 350</u></b>

**FUND EQUITY**

Fund Balance	<u>\$ 350</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 350</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - ACTUAL  
AND BUDGET - LIQUOR LAW ENFORCEMENT FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
State Grants	\$ 385	\$ -	\$ -
 <b>TOTAL REVENUES</b>	 <b>\$ 385</b>	 <b>\$ 323</b>	 <b>\$ 62</b>
 <b><u>EXPENDITURES</u></b>			
Public Safety :			
Constable Wages	490	-	-
Fringe Benefits	38		
 <b>TOTAL EXPENDITURES</b>	 <b>\$ 528</b>	 <b>\$ 635</b>	 <b>\$ 107</b>
 Excess of Revenues Over (Under) Expenditures	 (143)	 (312)	 169
 FUND BALANCE, APRIL 1	 493		
 <b>FUND BALANCE, MARCH 31</b>	 <b>\$ 350</b>		

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**BALANCE SHEET - TOWNSHIP ROAD FUND**

*MARCH 31, 2006*

**ASSETS**

Cash	\$	48,568
Due From Tax Fund		2,722
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>51,290</u></b>

**FUND EQUITY**

Fund Balance	\$	<u>51,290</u>
<b>TOTAL FUND EQUITY</b>	<b>\$</b>	<b><u>51,290</u></b>

The notes to the financial statements are an integral part of this report.



<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - ACTUAL  
AND BUDGET - TOWNSHIP ROAD FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
Property Taxes	\$ 33,999	\$ 32,000	\$ 1,999
Grant-Schools and Roads	2,595	-	2,595
Interest	<u>85</u>	<u>100</u>	<u>(15)</u>
<b>TOTAL REVENUES</b>	<b>\$ 36,679</b>	<b>\$ 32,100</b>	<b>\$ 4,579</b>
 <b><u>EXPENDITURES</u></b>			
Maintenance	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
 Excess of Revenues Over (Under) Expenditures	 36,679	 32,100	 4,579
 FUND BALANCE, APRIL 1	 <u>14,611</u>		
<b>FUND BALANCE, MARCH 31</b>	<b><u>\$ 51,290</u></b>		

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
------------------------------

**BALANCE SHEET – CAPITAL PROJECTS FUND**

*MARCH 31, 2006*

**ASSETS**

Cash	<u>\$ 5,792</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,792</u></b>

**FUND EQUITY**

Fund Balance	<u>\$ 5,792</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 5,792</u></b>

The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY – ACTUAL  
AND BUDGET – CAPITAL PROJECTS FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

**REVENUES**

Interest Income	<u>\$ 87</u>
<b>TOTAL REVENUES</b>	<b>\$ 87</b>

**EXPENDITURES**

Capital Outlay	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>-</b>

Excess of Revenues Over (Under) Expenditures	87
---	----

FUND BALANCE, APRIL 1	<u>5,705</u>
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<b>FUND BALANCE, MARCH 31</b>	<b><u><u>\$ 5,792</u></u></b>
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The notes to the financial statements are an integral part of this report.

<b>TOWNSHIP OF MANSFIELD</b>
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**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – CURRENT TAX COLLECTION  
FUND**

*FISCAL YEAR ENDED MARCH 31, 2006*

	<u>Balance 3/31/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/2006</u>
<b><u>ASSETS</u></b>				
Cash	\$ 24,627	\$ 722,013	\$ 720,354	\$ 26,286
<b>TOTAL ASSETS</b>	<b><u>\$ 24,627</u></b>	<b><u>\$ 722,013</u></b>	<b><u>\$ 720,354</u></b>	<b><u>\$ 26,286</u></b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	3,366	61,286	61,733	2,919
Due to County	5,799	302,129	299,201	8,727
Due to Schools	3,241	287,129	287,504	2,866
Due to DIISD	960	35,215	35,403	772
Due to Library	1,132	23,318	23,672	778
Due to State	10,129	12,670	12,575	10,224
Due to Other	-	266	266	-
<b>TOTAL LIABILITIES</b>	<b><u>\$ 24,627</u></b>	<b><u>\$ 722,013</u></b>	<b><u>\$ 720,354</u></b>	<b><u>\$ 26,286</u></b>

The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
**Township of Mansfield**  
Crystal Falls, Michigan 49920

We have audited the financial statements of the governmental activities and each major fund as of and for the year ended March 31, 2006, which collectively comprise the **Township of Mansfield's** financial statements, and have issued our report thereon dated June 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### Internal Control Over Financial Reporting

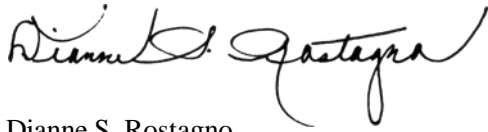
In planning and performing our audit, we considered the **Township of Mansfield's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no such matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

### Compliance

As part of obtaining reasonable assurance about whether the **Township of Mansfield's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board, administration, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized initial "D".

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 26, 2006

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Honorable Supervisor and Township Board  
**Township of Mansfield**  
Crystal Falls, Michigan 49920

In planning and performing the audit of the financial statements of the **Township of Mansfield**, we considered the Township's internal control structure to plan the auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance in the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated June 26, 2006 on the financial statements of the **Township of Mansfield**. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate Township officials, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience or to assist you in implementing the recommendations. Our comments are summarized as follows:

## **BUDGETARY**

### ***Problem***

In conjunction with the prior audit for the fiscal year ended March 31, 2004, the Township incurred several expenditures which were in excess of amounts appropriated.

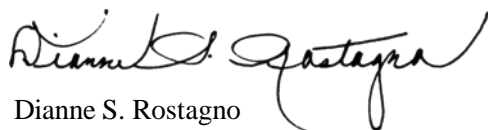
### ***Recommendation***

It was recommended that closer monitoring be done in regards to budgetary appropriations and expenditures.

### ***Resolution***

This has been satisfactorily resolved.

We wish to express our appreciation to the Township officials for their assistance during the audit engagement.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 26, 2006